

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO				CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)	
TO: CITY COUNCIL		FROM (ORIGINATING DEPARTMENT): Debt Management		DATE: 04/05/2013	
SUBJECT: City of San Diego Assessment District No. 4096 (Piper Ranch) Limited Obligation Refunding Bonds, Series 2013					
PRIMARY CONTACT (NAME, PHONE): Elizabeth Kelly, 619-236-6932 & MS 7B			SECONDARY CONTACT (NAME, PHONE): Robert Davis, 619-533-6477 & MS 7B		
COMPLETE FOR ACCOUNTING PURPOSES					
FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
COST SUMMARY (IF APPLICABLE):					
ROUTING AND APPROVALS					
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	
Liaison Office		ORIG DEPT.	Kommi, Lakshmi	4/8/2013	
		CFO			
		DEPUTY CHIEF			
		COO			
		CITY ATTORNEY	Fitzpatrick, Timothy	4/8/2013	
		COUNCIL PRESIDENTS OFFICE			
PREPARATION OF:	<input type="checkbox"/> RESOLUTIONS	<input type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)	
Forward the refunding of the City of San Diego Assessment District No. 4096 (Piper Ranch) Limited Obligation Improvement Bonds (the "Refunding Bonds") to City Council for consideration and approval. The City Council will be requested to authorize the issuance of the refunding bonds and approve the related financing and disclosure documents.					

STAFF RECOMMENDATIONS: Approve the requested action.	
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)	
COUNCIL DISTRICT(S):	Council District 8
COMMUNITY AREA(S):	Otay Mesa East
ENVIRONMENTAL IMPACT:	This activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).
CITY CLERK INSTRUCTIONS:	

COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 04/05/2013

ORIGINATING DEPARTMENT: Debt Management

SUBJECT: City of San Diego Assessment District No. 4096 (Piper Ranch) Limited Obligation Refunding Bonds, Series 2013

COUNCIL DISTRICT(S): Council District 8

CONTACT/PHONE NUMBER: Elizabeth Kelly/619-236-6932 & MS 7B

DESCRIPTIVE SUMMARY OF ITEM:

Forward the refunding of the City of San Diego Assessment District No. 4096 (Piper Ranch) Limited Obligation Improvement Bonds (the "Refunding Bonds") to City Council for consideration and approval. The City Council will be requested to authorize the issuance of the refunding bonds and approve the related financing and disclosure documents.

STAFF RECOMMENDATION:

Approve the requested action.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

In January 2004, the City of San Diego Assessment District No. 4096 (Piper Ranch) Limited Obligation Improvement Bonds (the "2004 Bonds") were issued in the amount of \$5.4 million to finance various infrastructure improvements (street, water, sewer and drainage improvements) within the District. The improvements were subsequently completed by the developer, Otay Investors LLC, and acquired by the City. The 2004 Bonds are secured solely by special assessments levied upon approximately 21 parcels of property within the District which is located in the Otay Mesa community of the City, approximately one-half mile east of Brown Field Airport. The special assessments are calculated by the City and collected annually via the property tax bills mailed by the County of San Diego. Currently, \$3.94 million of 2004 Bonds are outstanding.

It is anticipated that approximately \$3.83 million of Refunding Bonds will be issued in June 2013 to execute a full economic refunding of the 2004 Bonds. The transaction will be conducted as a current refunding requiring 3% net present value savings in debt service compared to the outstanding bonds. Under current market conditions, the refunding bonds are estimated to generate net present value savings over the remaining term of the bonds (through 2033) of approximately \$445,000, representing 11.30% of the refunded bonds. The reduction in the average annual debt service for the Refunding Bonds compared to the outstanding bonds is approximately \$40,000 through 2033 starting with tax year 2013-2014. A lower annual debt service requirement will result in a reduced debt service component of the annual assessments levied on District parcels. Based on current market conditions, the average annual debt service savings per parcel (total annual debt service savings of \$40,000 divided by 21 parcels) is estimated to be \$1,900. (The annual savings for each specific parcel would vary significantly, depending on the size of the parcel.) The final term of the Refunding Bonds will remain unchanged at 2033.

The Financing Team for the proposed Refunding includes the Chief Financial Officer, Debt Management, the City Treasurer's Office, the Comptroller's Office, the City Attorney's Office, and outside financial and legal consultants, including Stradling, Yocca, Carlson & Rauth as Bond and Disclosure Counsel, Fieldman, Rolapp & Associates as independent Financial Advisor, NBS as Assessment Engineer, and Union Bank as Trustee. The Underwriting team consists of De La Rosa & Co. as Senior Manager, and Stone & Youngberg, A Division of Stifel Nicolaus, as Co-Manager. All external team members were identified through various competitive selection processes.

The Financing Team is in the process of developing the City Council resolutions and financing documents required to conduct the refunding. These resolutions are: (1) a Resolution of Intention to Levy Reassessments and Issue Refunding Bonds, in which City Council would declare its intention to issue the Refunding Bonds to benefit the special assessment payers and order the preparation of a reassessment report; (2) a Resolution Adopting the Reassessment Report, and Confirming and Ordering the Reassessments by Summary Proceedings, in which the City Council would make certain findings including that the principal and interest installments would be less than the existing installments and the term of the Refunding Bonds would not exceed the existing term; and (3) a Resolution of Issuance authorizing the issuance of the Refunding Bonds and related financing documents. The financing documents will include the Indenture, the Bond Purchase Agreement, the Reassessment Report, the Preliminary Official Statement, and the Continuing Disclosure Certificate. The Preliminary Official Statement will be reviewed by the Disclosure Practices Working Group prior to docketing for City Council authorization.

Upon the City Council authorization of the resolutions and related financing documents for the Refunding Bonds, the bonds will be priced in June 2013 with bond closing (receipt of bond proceeds) to occur in July. This would facilitate calling the 2004 Bonds on the next available call date of September 2, 2013.

FISCAL CONSIDERATIONS:

The pricing and closing of the economic refunding bonds would be subject to favorable market conditions and the fulfillment of the net present value savings target for current economic refundings. As described above, under current market conditions, the proposed refunding is expected to produce significant savings for District special assessment payers.

Kommi, Lakshmi
Originating Department

Deputy Chief/Chief Operating Officer